

AMENDED IN SENATE JUNE 22, 2016

AMENDED IN ASSEMBLY APRIL 26, 2016

AMENDED IN ASSEMBLY MARCH 17, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2664

Introduced by Assembly Member Irwin

February 19, 2016

An act to add Chapter 14.5 (commencing with Section 92965) to Part 57 of Division 9 of Title 3 of the Education Code, relating to the University of California.

LEGISLATIVE COUNSEL'S DIGEST

AB 2664, as amended, Irwin. University of California: innovation and entrepreneurship expansion.

Existing law establishes the University of California, under the administration of the Regents of the University of California, as one of the segments of public postsecondary education in this state. The University of California comprises 10 campuses, which are located at Berkeley, Davis, Irvine, Los Angeles, Merced, Riverside, San Diego, San Francisco, Santa Barbara, and Santa Cruz, and other facilities operated by the university, including the Lawrence Berkeley National Laboratory (LBNL). *Cruz*.

This bill would require the University of California to expand the infrastructure necessary to increase innovation and entrepreneurship activities across the state for the purpose of creating economic development. The bill would specify that funds appropriated for that purpose shall be used to fund innovation and entrepreneurship programs as each of the university's campuses, the LBNL, and in other areas of

~~the state that may benefit from those programs, but would require the university to determine the manner in which the funding would be used, consistent with the bill's provisions. In implementing these provisions, the bill would require the university to consult with public and private stakeholders and to design programs to enhance, not necessarily duplicate, the state's network of innovation-based business development programs and services.~~ *make one-time expenditures for activities to expand or accelerate economic development in the state in ways that are aligned with other efforts to support innovation and entrepreneurship. The bill would identify a specific funding source in the Budget Act of 2016 appropriated for that purpose and would allocate \$2,200,000 under that appropriation to each of 10 campuses of the University of California. The bill would require the regents to designate an external advisory board, as provided, to encourage the effective use of these funds through planning and oversight and would prohibit a campus from expending these funds unless the external advisory body has certified that the chancellor of that campus has made certain demonstrations, including, among others, that funds will only be used for the costs of activities that support the expansion or acceleration of economic development in the state and that private funds that at least match the amount of state funds will also be used on those activities. The bill would require the University of California to report to the Department of Finance and the Legislature annually on the use of the funding provided for purposes of the bill, as specified. The bill would make implementation of its provisions contingent on an appropriation for its purposes in the annual Budget Act, on or before November 30, 2017, on the specific activities at each campus supported by these funds.*

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. With respect to innovation and entrepreneurship
- 2 ~~expansion at~~ *by those connected to* the University of California,
- 3 the Legislature finds and declares all of the following:
- 4 (a) The State of California is well-positioned to harness the
- 5 power of the University of California's expertise to spur economic
- 6 development.
- 7 (b) The University of California contributed to the ~~foundational~~
- 8 ~~research breakthroughs that launched~~ *launch and growth of some*

1 of California's strongest industries, including aerospace,
2 agriculture, biotechnology, computers and semiconductors,
3 telecommunications, and digital media.

4 (c) ~~Research—Instruction and research~~ at the University of
5 California ~~continues to create new inventions that will~~ *can* be the
6 genesis of tomorrow's industries, companies, and commercial
7 successes.

8 ~~(d) Innovation and entrepreneurship at the University of~~
9 ~~California create equitable economic development throughout~~
10 ~~California.~~

11 (d) *As a public institution of higher education, the University*
12 *of California is positioned to address challenges faced by*
13 *entrepreneurs—challenges that are particularly acute for groups*
14 *such as women and minorities who are typically underrepresented*
15 *in private incubators and accelerators.*

16 (e) It is therefore the intent of the Legislature to provide *one-time*
17 ~~funds to establish or expand the~~ *for new* infrastructure at each
18 campus ~~and the Lawrence Berkeley National Laboratory (LBNL)~~
19 ~~for purposes of enhancing to~~ (1) *enhance* the state's network of
20 programs and services that support innovators, entrepreneurs,
21 startups, investors, and industry and community partners *that are*
22 *locally based and committed to serving in communities surrounding*
23 ~~University of California campuses, the LBNL, and across~~
24 ~~California.~~ *across California and* (2) *generate commitments of*
25 *private funds for these activities in an amount at least equal to the*
26 *amount of state funds.*

27 SEC. 2. Chapter 14.5 (commencing with Section 92965) is
28 added to Part 57 of Division 9 of Title 3 of the Education Code,
29 to read:

30
31 CHAPTER 14.5. INNOVATION AND ENTREPRENEURSHIP
32 EXPANSION
33

34 92965. (a) ~~With funds appropriated for purposes of this~~
35 ~~chapter, in Item 6440-001-0001 of Section 2.00 of the Budget Act~~
36 ~~of 2016, the University of California shall increase innovation and~~
37 ~~entrepreneurship activities across the state for the purpose of~~
38 ~~creating economic development.~~ *make one-time expenditures for*
39 *activities to expand or accelerate economic development in the*

1 *state in ways that are aligned with other efforts to support*
2 *innovation and entrepreneurship.*

3 ~~(b) The funds referenced in subdivision (a) shall be used to fund~~
4 ~~innovation and entrepreneurship programs at each campus of the~~
5 ~~University of California, the Lawrence Berkeley National~~
6 ~~Laboratory (LBNL), and in other areas of the state that may benefit~~
7 ~~from these programs.~~

8 ~~(c) The manner in which the funds provided for purposes of this~~
9 ~~chapter will be used shall be determined by the University of~~
10 ~~California. These uses may include, but shall not necessarily be~~
11 ~~limited to, the establishment of programs or projects and the~~
12 ~~purchase of equipment to facilitate innovation-based economic~~
13 ~~development in communities surrounding the 10 campuses of the~~
14 ~~University of California, the LBNL, and other locations across~~
15 ~~California for purposes such as any of the following:~~

16 ~~(1) Providing business training and resources to reduce common~~
17 ~~barriers to success for entrepreneurs and startup companies.~~

18 ~~(2) Offering subsidized work and laboratory space to startups~~
19 ~~for prototype development, proof-of-concept research, or both.~~

20 ~~(3) Providing proof-of-concept funding to increase the likelihood~~
21 ~~that entrepreneurs and startup companies will attract venture or~~
22 ~~corporate capital backing.~~

23 ~~(4) Providing mentorship, including mentorship to individuals~~
24 ~~from population groups who have historically been~~
25 ~~underrepresented in science and innovation-based industries.~~

26 ~~(5) Coordinating and aligning innovation functions at a campus~~
27 ~~of the university or at the LBNL, and building relationships~~
28 ~~between the university environment and successful, independent~~
29 ~~enterprises to facilitate the rollout of products to the market and~~
30 ~~the public.~~

31 ~~(d) In implementing this chapter, the University of California~~
32 ~~shall design programs to enhance, not necessarily duplicate, the~~
33 ~~state's network of innovation-based business development~~
34 ~~programs and services. The University of California shall also~~
35 ~~consult with public and private stakeholders when implementing~~
36 ~~this chapter in order to ensure programs authorized by this chapter~~
37 ~~strengthen the state's entrepreneurial capacity and global~~
38 ~~competitiveness. This may include new partnerships and initiatives~~
39 ~~with public and private economic development entities, including,~~
40 ~~but not limited to, local and regional economic development~~

1 corporations, ~~small business development centers, business~~
2 ~~accelerators, and Innovation Hubs.~~

3 (b) *From the funds specified in subdivision (a), two million two*
4 *hundred thousand dollars (\$2,200,000) shall be allocated to each*
5 *of the following campuses of the University of California:*

6 (1) *Berkeley.*

7 (2) *Davis.*

8 (3) *Irvine.*

9 (4) *Los Angeles.*

10 (5) *Merced.*

11 (6) *Riverside.*

12 (7) *San Diego.*

13 (8) *San Francisco.*

14 (9) *Santa Barbara.*

15 (10) *Santa Cruz.*

16 (c) *The Regents of the University of California shall designate*
17 *an external advisory body, whose members have demonstrated*
18 *expertise in innovation and entrepreneurship, to encourage the*
19 *effective use of the funds specified in subdivision (b) through*
20 *planning and oversight.*

21 (d) *A campus shall not expend the funds specified in subdivision*
22 *(b) until the external advisory body has certified that the chancellor*
23 *of the campus has demonstrated all of the following:*

24 (1) *That the funds will be used only for the costs of activities*
25 *that support the expansion or acceleration of economic*
26 *development in the state, such as any of the following benefits for*
27 *entrepreneurs:*

28 (A) *Business training.*

29 (B) *Mentorship.*

30 (C) *Proof-of-concept grants.*

31 (D) *Work space.*

32 (E) *Laboratory space.*

33 (F) *Equipment.*

34 (2) *That the funds will be spent only after the uses and*
35 *beneficiaries have been determined through a transparent,*
36 *inclusive, and fair process.*

37 (3) *That private funds will also be used for these activities, with*
38 *the intent that the amount of private funds will be at least equal*
39 *to the amount specified in subdivision (b).*

1 (4) *That any financial benefit that results from the use of these*
2 *funds, including any revenues generated with these funds be*
3 *accounted for and also used on these activities.*

4 (5) *That a credible plan has been developed to support any*
5 *ongoing activities beyond the one-time expenditures of these funds.*

6 (e) *The external advisory body shall notify the Director of*
7 *Finance and the Legislature, no fewer than 10 days before*
8 *providing certification pursuant to subdivision (d) of its intent to*
9 *do so.*

10 (f) (1) *On or before November 30, 2017, the Regents of the*
11 *University of California shall report to the Director of Finance*
12 *and the Legislature on the specific activities at each campus*
13 *supported by these funds.*

14 (2) *The report shall be submitted to the Legislature pursuant*
15 *to Section 9795 of the Government Code.*

16 92966. ~~(a) The University of California shall report to the~~
17 ~~Department of Finance and the Legislature annually on the use of~~
18 ~~the funding provided for purposes of this chapter.~~

19 ~~(b) (1) The annual report shall include, at a minimum, all of~~
20 ~~the following:~~

21 ~~(A) The number of businesses and entrepreneurs assisted.~~

22 ~~(B) The industry sectors of the businesses and entrepreneurs~~
23 ~~assisted.~~

24 ~~(C) The cities in which the businesses and entrepreneurs assisted~~
25 ~~are located. For businesses or entrepreneurs assisted in cities with~~
26 ~~a population of less than 250,000, only the county shall be listed.~~

27 ~~(D) The number of total employees employed by the businesses~~
28 ~~and entrepreneurs assisted at the time those businesses and~~
29 ~~entrepreneurs were assisted, based on the following categories,~~
30 ~~whichever is the most appropriate:~~

31 ~~(i) No employees.~~

32 ~~(ii) Five employees or fewer.~~

33 ~~(iii) Twenty employees or fewer.~~

34 ~~(iv) Under 50 employees.~~

35 ~~(v) Under 100 employees.~~

36 ~~(vi) Under 500 employees.~~

37 ~~(E) The number of jobs created and the number of jobs retained.~~

38 ~~(F) The amount of capital infusion, in both debt and equity,~~
39 ~~obtained by businesses and entrepreneurs assisted.~~

1 ~~(2) Subparagraphs (D) to (F), inclusive, shall be reported on an~~
2 ~~aggregated basis.~~
3 ~~(e) The annual report shall comply with Section 9795 of the~~
4 ~~Government Code.~~
5 ~~92967. This chapter shall not be implemented unless funds are~~
6 ~~appropriated for its purposes in the annual Budget Act.~~

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